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The Director of Central Intelligence Washington, D.C. 20505

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MEMORANDUM	FOR: Direct Deputy	or of Central Intelligence Director of Central Intelligence		
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FROM		al Intelligence Officer for USSR-EE	••	
SUBJECT		mments on SNIE 12-2-83		
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- 4. On length we do expect that the natural process of editing that takes place during coordination will shorten the text somewhat. Additionally we will look at the post-coordination product to ensure that it is as tight as possible. But, in view of the broad scope of this paper, we do not expect to be able to lop off one half, or even one third, of the present text.
- 5. In sum, unless you object, we plan to go ahead with our coordination meetings (scheduled for February 3, 6, and 7) and make the adjustments discussed above during that process.

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THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D.C. 20505

Senior Review Panel

NIC 00582-84 26 January 1984

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MEMORANDUM FOR:

Director of Central Intelligence

Deputy Director of Central Intelligence Chairman, National Intelligence Council

NIO/USSR-EE ✓

SUBJECT:

Senior Review Panel Comments on Revised Draft of NIE 12-2-83, <u>Pressures for Economic and</u>

Political Change in Eastern Europe: Implications for East and West.

dated 13 January 1984

- 1. The Panel considers the subject draft a thoughtful, broadly-based examination of a highly important issue for US policy. In its present form we think that it does have remediable weaknesses and that among the more significant of these are: (a) an unusually high level of generality, (b) the omission of certain key factors of probable concern to policymakers, (c) excessive length.
- 2. On generality. The text contains certain economic indicators, statistical and graphic, but its judgments have been formulated without apparent analysis of a number of the most critical variables. As illustrations, we miss critiques of:
 - a. trade and payments performance and prospects: recent changes in composition, destination, price, banking arrangements; perspectives over the next several years.
 - b. debt structure and service: amount, placement, refinancing; changing patterns re the USSR and the West as creditors; outlook.
 - c. Soviet participation: as a trading partner, importance by country and by industrial sector; prospects

SECRET

for continued extension of Soviet subsidies and/or concessionary rates. Can the Soviets afford to continue as an economic guarantor of last resort; can they afford not to?

- 3. As to omitted factors, we think the most major are:
- a. Military implications. We wonder whether the impact of economic stringencies on East European defense establishments and their planned improvements does not bear consideration.
- b. Moscow differentiation. What evidence is there that Moscow differentiates economically among Warsaw Pact members and thus varies in the toleration of intra-Pact diversity? Are its criteria predominantly economic (performance, investment reward, import needs) or political (conformity and a servility index)? Is Soviet differentiation the reverse- or the mirror-image of present US practice? Can we manipulate it?
- c. Performance standards. What are the standards by which the text forecasts dismal economic performance "through the mid-1980s and perhaps beyond"? How will Eastern European economic results compare with those predicted for Western Europe or the Soviet Union in the same period?

